



## SENIOR & LONG TERM CARE DIVISION COMMUNITY SERVICES BUREAU

### HOME AND COMMUNITY BASED WAIVER Policy Manual

**Section: ELIGIBILITY FOR SERVICES**

**Subject: Medically Needy Billing  
Procedures**

### **DEFINITION**

There is a Medicaid eligibility category for which individuals may qualify by spending down, that is, the costs of health care that an individual has incurred are deducted from the income that an individual receives in determining whether he or she qualifies for Medicaid. The spend-down approach applied is the Medically Needy Program. Medically needy means aged, blind, or disabled individuals or families and children who are otherwise eligible for Medicaid and whose income is above the prescribed limits for categorically needy, but within the limits set forth by Social Security Administration.

### **MEDICALLY NEEDY INCURMENT PROCESS**

#### RESPONSIBILITY/ACTION

1. Office of Public Assistance (OPA) Eligibility Staff will notify the individual and Case Management Team (CMT) of the amount of incurment. This should be the amount left after subtracting any other countable medical expenses such as the Medicare premium and any private insurance premium.
2. Member/Case Management Team (CMT)
  - a) Select service(s) to be used toward the incurment. Any HCBS can be used toward the incurment. The CMT must submit form DPHHS-SLTC-131 (Refer to HCBS 899-14) to the Office of Human Services Eligibility Staff.
  - b) Obtain HPS 402 Release Form for more specific information exchange (refer to 499-2). This release form needs updated annually.

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3. OPA staff will notify the individual and CMT of eligibility dates and issue the Provider Information Memo (DPHHS-HCS-454) if appropriate. (Refer to Appendix 499-1).

**ADULT RESIDENTIAL  
INSTRUCTIONS**

Month 1:

- a) Medically Needy member pays cash option to become Medicaid eligible;
- b) CMT completes Adult Residential Care Calculation (DPHHS-SLTC-132 using the daily rate, the CMT determines how many days it will take for the member to meet their incurment amount. (Divide the incurment amount by the daily rate. To facilitate ease in calculating and billing, use an incurment amount that is evenly divisible by the daily rate.) Document the day that the incurment amount will be met each month. The member will be responsible for payment for the days until the incurment is met each month. CMT notifies facility of the daily rate and authorizes them to bill Medicaid beginning the day after the incurment is met until the end of the month.
- c) Member is incurring a medical bill for AR services equal to amount used on SLTC-132 on line A4. AR facility provides a bill, stating amount owed by member for AR services for month one. This bill must document the daily rate and the days for which the member is responsible. (For instance: Using a \$200 incurment and a \$50 daily rate, the bill would state that the member is responsible for Adult Residential services for day 1 – 4 at \$50 a day.) This bill must be sent to the Office of Public Services during month one; and Member pays appropriate room and board rate to facility.

Month 2:

- a) Member is issued a Medicaid card effective first day of the month as incurment is met using previous month's bill.
- b) Member pays room and board rate to AR provider plus incurred bill for services from month one.
- c) Provider bills member for services for month two. This bill must be sent to the Office of Public Services to be used to meet incurment for month three.

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**Final Month:**

If the member dies while still in an adult residential HCBS, the member follows these steps for the initial month payment:

- a) Member has been issued a Medicaid card effective the first day of the month as incurment was met using previous month bill.
- b) Member pays room and board rate to AR provider plus incurred bill for services from the previous month – if this has not already been paid. (The facility may be willing to refund the prorated room and board rate for the days of the month remaining after the death.)
- c) The case management team should notify the provider that, for the final month, they can bill the daily rate from day one through the day the member dies. (The member no longer needs to incur a medical bill for the next month's Medicaid eligibility; therefore they are not responsible for any payment except their room and board portion).

**NOTE:** Any HCBS service can be used to meet a member's incurment. Use the same procedure as outlined above.